

Discussion Paper on Task Force Members:

Status of Government's Approach

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Introduction

The Government of Ukraine has launched a broad set of reforms addressing district heating and housing policy. The reforms are meant to improve the quality of services and the economic stability of the district heating sector. They aim to attract investment in infrastructure, introduce more market-oriented mechanisms to encourage economic efficiency, improve energy efficiency, and ultimately to improve the welfare of the people using district heating services. Because the reforms are broad and relate to the work of many governmental bodies, the government has decided to create a Task Force to coordinate and guide the reform process. This paper describes how the government developed the Task Force, the current membership, and recommendations for the future.

Development of Task Force Members

The Government of Ukraine and the donor community have been discussing the need to create a task force on district heating reform for almost two years. Prime Minister Tymoshenko officially created the Task Force on Communal Services Reform by decree on May 7, 2008 (decree 465).

Before adopting this decree, the government considered several options for creating a Task Force. This included using an earlier decree on heat and housing reforms. This early decree contained provisions for a working group to be led by the Minister of Residential and Communal Services. Both the Government of Ukraine and the donor community felt it was important to have high-level leadership so that the Task Force would have the ability to coordinate with multiple ministries. As a result, the government adopted new decree that listed Mr. Vitaly Gaiduk, head of the Prime Minister's group of advisors, as the head of the Task Force. The Minister of Residential and Communal Services, Mr. Kucherenko, and the Minister of Fuel and Energy, Mr. Prodan, jointly serve as deputy chairs of this Task Force.

As head of the Prime Minister's group of advisors, Vitaly Gaiduk is not officially part of the confirmed government, but he is well known in Ukraine and has significant high-level experience in policymaking. In previous governments, he has served in roles such as deputy prime minister, head of the Council for National Security and Defense, and Minister of Fuel and Energy. His stature and standing made him a logical choice to represent the Prime Minister's office for this important multi-agency reform.

The Ministry of Residential and Communal Services played a key role in structuring and encouraging the creation of the Task Force by preparing the draft decree on creating the Task Force, including recommending agencies and organizations relevant to the process. The Ministry recommended non-government participants based primarily on the interest that these organizations expressed in response to announcements about participating in the reforms.

Current Membership

Current Task Force membership, as described in Decree 465 includes government, non-government, and foreign organizations by name of the organization and individual representing the organization/institution, and their role is shown in the attachment.

Future Recommendations

This section covers three issues:

- Succession considerations given that the Task Force members are individuals, not organizations.
- Some principles for adding to the Task Force in the future, with a particular emphasis on sensitivities regarding private companies.
- Possible near-term additions to the Task Force to round out the membership.

Succession issues:

The decree establishing the Task Force lists the names of specific people to represent their respective organizations, not just their titles. There is a reasonable probability that a number of people assigned to the Task Force will no longer have the same titles and/or organizational affiliation. This issue is particularly important from a political standpoint as the current Chair of the Task Force, Vitaly Gaiduk, does not serve in an official governmentally appointed role. It is not clear that a future Prime Minister would necessarily have a lead advisor with a similar background and credibility in energy issues. The structure and operation of the Task Force should ensure that changes in leadership and/or membership will not threaten the future work of the Task Force.

Principles regarding future additions:

In general, the Task Force should encompass the major government bodies engaged on issues relevant to district heating both at the national and local level. International donors can also usefully play a role in order to ensure that their contributions are in synch with the government's plans and with those of other donors.

Additional non-governmental stakeholders, for example, the Association of Ukrainian Cities or academic institutions can also contribute to the process, either by ensuring that local voices are heard, or that the plans are well-designed and based on objective research. However, there should be a balance between providing a voice for a range of independent views, and not overwhelming the process with too many participants. Currently, there are a large number of academic participants, and this level of participation might be something to review in the future.

In our view, the Ukrainian government may want to take a careful approach to the appointment of private companies to and their role in the proceeding of the Task Force. Private companies can provide useful perspective and information, but there is also the risk of real or perceived conflict of interest. To mitigate this concern, the Task Force may want to establish a few clear guidelines on accepting private companies into the Task Force and the role of these companies when they do participate.

The box below provides examples of such guidelines.

Box 1. Proposed Guidelines for Private Sector Involvement in the Task Force

Membership

To avoid favoritism or the appearance of favoritism, it would be fairer to allow any private company that wants to join to do so. However, given the need to keep Task Force size at a reasonable level, if a large number of companies expressed an interest in becoming members, membership may need to be rotating, or concentrated with industry associations. The Task Force may also want to ask private sector participants to register and provide background information on the company. This information should disclose any business interests that the companies have relative to district heating, buildings, or related areas.

Roles

Private companies should not be allowed to participate in Task Force decision making, but rather, their role is to provide additional perspective on the issues at hand. To facilitate this process, the Task Force should post drafts of all decision protocols on its website in advance of Task Force meetings. This would allow all interested parties the equal opportunity to provide feedback.

The Task Force may want at times to hold closed sessions without private participants at which it takes decisions. In general, it is probably most fair not to allow private companies to have time on the agenda to speak, but private companies could prepare materials to be circulated to the Task Force members.

Alternatively, the Task Force may decide to restrict private organizations from attending Task Force meetings and instead solicit private input through separate public hearings or through the Technical Sub Groups to the Task Force. This would ensure fair treatment of all private organizations with a stake in district heating reform.

Near-term additions:

It may be useful to consider inviting two additional entities to participate in the Task Force. The first is the Association of Ukrainian Cities. The Association of Ukrainian Cities is the main organization representing Ukrainian municipalities at the national level. It is an influential organization and is well-versed in the district heating policy debate. The second is a representative of the Parliament Committee on Construction, Residential-Communal Services and Regional Policies, as this Committee has a major influence over any district heating legislation. The reform agenda under consideration by the Task Force includes many new legislative initiatives, so coordination with Parliament can help ease this task. While there may be differences of opinion between leadership in parliament and the government, dialog is typically essential to find consensus.

Attachment

Task Force Member Organizations and Individuals, and Role as Designated by Cabinet of Ministers Decree #465

Organizational Members	Name	Title	Task Force Role
Cabinet of Ministers	Mr. Vitaliy A. Gayduk	Head of the Advisory Group of the Prime Minister of Ukraine	Head, Interagency Task Force
	Mr. Ivan S. Shymkov	Deputy Head, Department of Industrial Policy, Secretariat	Member
Ministry of Economy	Mr. Serghiy A. Romanyuk	First Deputy Minister	Member
Ministry of Finance	Mr. Anatoly I. Myarkovskiy	Deputy Minister	Member
Ministry of Fuel and Energy	Mr. Yuriy V. Prodan	Minister of Fuel and Energy	Deputy Head, Interagency Task Force
Ministry of Housing and Communal Services	Mr. Oleksiy Yu. Kucherenko	Minister of Housing and Communal Services	First Deputy Head, Interagency Task Force
	Mrs. Olena V. Gavrylyuk	Director, Department of State Regulation	Secretary, Interagency Task Force
	Mrs. Iryna V. Zapatrina	Deputy Minister	Member
	Mr. Oleksandr V. Mazurchak	Deputy Minister	Member
Ministry of Justice	Mr. Leonid V. Yefimenko	Deputy Minister	Member
Ministry of Labor and Social Policy	Mr. Victor M. Onishchuk	Deputy Minister	Member
Ministry of Regional Development and Construction	Mr. Vyacheslav A. Negoda	Deputy Minister	Member
National Agency for Energy Efficiency (NAER)	Mr. Igor Yu. Cherkashyn	Head	Member
National Electricity Regulatory Commission	Mr. Valeriy M. Kalchenko	Head	Member
State Agency of Ukraine for Investments and Innovations	Mr. Victor A. Ivchenko	Head	Member
State Committee for Technical Regulation and Consumer Policy	Mrs. Iryna M. Kravchenko	First Deputy Head	Member
State Committee for Industrial Safety, Labor Protection and Mining Supervision	Mr. Serghiy O. Storchak	--	Member
Anti-monopoly Committee	Mrs. Svitlana M. Moroz	Deputy Head	Member

National Academy of Sciences of Ukraine	Mr. Valeriy M. Gayets	Director, Institute of Economy and Forecasting, Member of Ukraine NAS (on agreement)	Member
	Mr. Anatoliy A. Dolinskiy	Director, Institute of Technical Thermophysics, Member of Ukraine NAS (on agreement)	Member
	Mrs. Ella M. Libanova	Director, Institute of Demography and Social Research, Ukraine NAS (on agreement)	Member
EBRD (European Bank for Reconstruction and Development)	Mr. Kamen Zahariev	EBRD Ukraine Country Director (on agreement)	Member
NEFCO (Nordic Environment Finance Corporation)	Mr. Ulf Bojö	Senior Investment Manager, Nordic Environment Finance Corporation (NEFCO) (on agreement)	Member
World Bank	Mr. Dejan Ostojic	World Bank Energy and Infrastructure Project Coordinator in Ukraine, Belarus and Moldova (on agreement)	Member
European Commission in Ukraine	Mr. Remi Duflo	Head, Third Department of Assistance Programs, Delegation of the European Commission in Ukraine (on agreement)	Member
US Agency for International Development	Mr. Peter Argo	Acting Director of the Regional Development Mission, the US Agency for International Development (on agreement)	Member
Kompaniya-Spetstechnolyia	Mr. Oleg S. Borshchevich	Deputy General Director for Production	Member
Kharkiv CHP-5 OJSC	Mr. Genadiy K. Voronovskiy	Chairman, Board of Directors	Member
Brovary Heat Energy Networks and Ukrteplokommunenergo	Mrs. Oksana V. Korshak	Director, Utility Enterprise “Brovary Heat Energy Networks” and Vice President of Interagency Association Ukrteplokommunenergo” (on agreement)	Member
Heat Accumulating Consumers-Regulators CJSC	Mr. Serghiy A. Martynenko	Head, Supervisory Board	Member

Danfoss	Mr. Victor V. Pirkov	Deputy General Director, Research	Member
ELETER	Mr. David J. Rozinskiy	Director, Science and Production	Member
GTZ Energy Efficiency Project	Dr. Bärbel Schweiger	Director (on agreement)	Member